

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, California 95814



January 12, 2007

ALL COUNTY LETTER NO. 07-03

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY WELFARE-TO-WORK  
COORDINATORS  
ALL CALWORKS PROGRAM SPECIALISTS  
ALL COUNTY CHILD CARE COORDINATORS  
ALL REFUGEE COORDINATORS

**REASON FOR THIS TRANSMITTAL**

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☒ Initiated by CDSS

SUBJECT: FEDERAL REAUTHORIZATION OF THE TEMPORARY  
ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM

REFERENCES: All County Letters (ACL) 02-92, 06-06, 06-27, 06-45, 06-2 and All  
County Information Notice (ACIN) I-65-06

This letter provides counties with a summary of the major changes that have been made to the Temporary Assistance for Needy Families (TANF) program through the federal Deficit Reduction Act of 2005 (DRA) and the federal Interim Final Rule amending 45 CFR Section 261, et al., and California's response to these changes. This letter also clarifies that despite the changes that have been made to the TANF program at the federal level, the structure of the California Work Opportunity and Responsibility to Kids (CalWORKs) welfare-to-work (WTW) program has not changed, with the exception of the elimination of durational WTW sanctions as discussed later in this letter. CalWORKs continues to require counties to offer a broad range of employment and education activities, behavioral health services, and other activities necessary to help recipients achieve self-sufficiency (Welfare and Institutions Code Section 11322.6).

The Department has been meeting with key stakeholders since April 2006 to review the federal changes and identify policy and fiscal strategies the state should consider in its response to TANF reauthorization. The Department expects to continue these meetings for several more months to fully explore all viable options that may assist the state in meeting federal requirements. The stakeholder meetings include representatives from the County Welfare Directors Association (CWDA), counties, other state agencies, legislative staff, legal and welfare rights advocates, and others. Many of the CalWORKs related provisions contained in Assembly Bill (AB) 1808, Chapter 75, Statutes of 2006 that are summarized in ACIN I-65-06, which are designed to help

counties increase the level of program participation among CalWORKs recipients and assist the state in meeting the federal work participation rate (WPR), are a direct result of these stakeholder discussions.

To provide an update on one of the provisions of AB 1808, the Department is notifying counties that implementation of the Temporary Assistance Program (TAP) for recipients who are exempt from participating in the WTW program is being suspended this year. AB 1808 required the Department to implement TAP as a voluntary solely state-funded program to the extent exempt recipients would have the same benefits as other CalWORKs recipients and not be adversely impacted. Because federal child support rules would require such recipients to receive the total child support collected on their behalf, it is not possible for the Department to implement TAP within the legislative constraints. In accordance with AB 1808 requirements, after consultation with stakeholders, the Department is notifying the Legislature of the need to suspend implementation of TAP. Therefore, until further notice, exempt recipients will continue to count in California's WPR [except for cases with a child under one that are disregarded from the WPR calculation (12-month lifetime limit) and parents providing care for a disabled family member living in the home who does not attend school on a full-time basis].

### **Major Changes to the TANF Program and Impact on California**

#### **Work Participation Rate - Caseload Reduction Credit**

The WPR requirements that states must meet to avoid fiscal penalties have not changed. They remain at 50 percent for all families (one- and two-parent families) and 90 percent for two-parent families. California has been successful in meeting the WPR by virtue of a caseload reduction credit (CRC) that effectively reduces the rate that California is required to meet. Effective in federal fiscal year (FFY) 2007, the DRA changed the base year for calculating the CRC from FFY 1995 to FFY 2005. This change requires the state to meet the WPR requirements without the benefit of the substantial caseload reductions achieved between FFY 1995 and FFY 2005, which ended September 30, 2005.

The CRC is a critical element in establishing a state's adjusted WPR requirements; it reduces the 50 and 90 percent WPR requirement by one percentage point for each percentage point decline in a state's caseload. For example, California experienced an all families caseload decline of 46.1 percent between FFY 1995 and FFY 2003. This reduced the actual WPR the state had to achieve in FFY 2004 to 3.9 percent for all families (50 percent minus 46.1 percent). The state actually achieved a 23.1 percent WPR for FFY 2004, which far exceeded the 3.9 percent requirement.

Based on current caseload trends and the change in the CRC base year, the estimated CRC for the all families rate in FFY 2007 (October 2006-September 2007) is 4.7 percent. This means that the state would be required to actually achieve a WPR of 45.3

percent WPR percent for all families. Although a challenge, the Department believes that achieving this rate is possible over time through focused efforts at the state and local level to engage all able-bodied adults in activities they need to become self-sufficient. This belief is based, in part, on the fact that counties were successful in achieving a 42.2 percent WPR in FFY 1999. Further, the current economy is relatively strong and the outlook is generally positive. The unemployment rate is the lowest it has been in the past six years and is expected to be sustained through 2008. The rate of job growth is expected to rise in 2008, particularly as it relates to jobs in the retail and service industries (industries that are historically conducive to hiring CalWORKs recipients).

#### New Populations Subject to the Work Participation Rate

##### *Separate State Programs Funded with TANF Maintenance of Effort (MOE) Dollars*

Effective October 1, 2006, the DRA applies the WPR requirement to Separate State Programs (SSPs) funded with State General Fund (SGF) TANF MOE dollars. Prior to passage of the DRA, the WPR requirements did not apply to SSPs. Since California established an SSP funded with SGF for two-parent families in 1999, the state has not had to meet the 90 percent WPR for two-parent families. With this change in the DRA, the two-parent families program is now subject to the 90 percent WPR requirement adjusted by any applicable CRC, and California eliminated the SSP for two-parent families through ACL 06-45. These families are now funded with commingled federal TANF and SGF dollars, and are included in the calculation of California's WPR, effective October 1, 2006. California's two-parent family participation rate in FFY 2005 was 33 percent. Although this is far short of the 90 percent requirement, adding these families into the all families WPR calculation increases the WPR for all families.

##### *Work-Eligible Individuals*

The DRA required the U.S. Department of Health and Human Services (DHHS) to issue regulations that specified the circumstances under which a parent who resides with a child who receives "assistance" (child-only cases) be included in the WPR. Prior to the DRA, only families that included an adult receiving "assistance" were included in the WPR. The Interim Final Rule [amending 45 CFR Section 261.22(a)(2)] specifies that both the all families and two-parent family rates will apply to families with a "work-eligible" individual and defines work-eligible individual as follows [45 CFR Section 261.2(n)]:

- (1) Work-eligible individual means an adult (or minor child head-of-household) receiving assistance under TANF or a separate State program or a non-recipient parent living with a child receiving such assistance unless the parent is:

- (i) A minor parent and not the head-of-household or spouse of the head-of-household;
- (ii) An alien who is ineligible to receive assistance due to his or her immigration status; or
- (iii) At State option on a case-by-case basis, a recipient of Supplemental Security Income (SSI) benefits.

(2) The term also excludes:

- (i) A parent providing care for a disabled family member living in the home who does not attend school on a full-time basis, provided that the need for such care is supported by medical documents; and
- (ii) An individual in a family receiving MOE-funded assistance under an approved Tribal TANF program, unless the State includes the Tribal family in calculating work participation rates, as permitted under section 261.25 (71 Federal Register at 37476).

California has opted to exclude SSI recipients from the definition of “work-eligible” individuals and the state does not include Tribal TANF program recipients in the WPR calculation. However, the following populations that were previously excluded are now included in the WPR calculation:

- Families in which the adult has exceeded the 60-month TANF time limit (Safety Net cases).
- Families in which the adult has been sanctioned for not complying with program requirements for over three months in the preceding 12 months.
- Fleeing felons and drug felons.

While the current federal definition of “work-eligible” does not exclude fleeing and drug felons, California excluded such individuals from the state’s definition of “work-eligible” individuals in its interim Work Verification Plan (Attachment 1), discussed below, based on discussions with representatives from the Administration for Children and Families (ACF) who indicated that the Final Rule will exclude such individuals from the definition. However, recently issued federal guidance will require the state to include such families in the WPR calculation and amend the interim WVP accordingly.

The inclusion of Safety Net families and adults who have been sanctioned for more than three months out of the last 12 months in the WPR raises new challenges for the state. If these families had been included in the WPR calculation in FFY 2005, it is estimated

that California's WPR would have been reduced from the current estimate of 27.9 percent (including two-parent families) to 23.3 percent. However, through county efforts to prevent individuals from going into sanction, re-engaging sanctioned individuals, and working closely with Safety Net families to promote employment at a level that meets the federal WPR, the Department believes the impact of including these families in the WPR can be mitigated. The Department has been working with TANF stakeholder workgroups to determine what, if any, fiscal or policy strategies could be established for these populations in the future to mitigate the inclusion of these families in the WPR.

At this time, the only significant change that has been made to the CalWORKs WTW program is the elimination of durational sanctions. The policy for requiring individuals in their second, third, or subsequent sanction for not complying with WTW program requirements to remain sanctioned for a minimum of three or six months before curing their sanction has been eliminated. Effective July 12, 2006, individuals can cure their sanction at any time they perform the activity they previously failed or refused to perform as outlined in ACL 06-27.

The stakeholder workgroups have not recommended other significant policy changes to address the sanctioned or Safety Net populations. However, on January 10, 2007, the Governor released the proposed state budget, which includes a welfare reform proposal to increase accountability, encourage personal responsibility, and better positioning California to meet federal requirements. The Governor's proposal includes the following:

- Strengthen work requirements and recipient accountability by imposing a graduated sanction model for California that will lead to a full family sanction when the adult(s) remains in sanction status beyond 90 days.
- Increase incentives for families to become self-sufficient by continuing Safety Net benefits for families who have reached the CalWORKs 60-month time limit only if they are meeting the federal work participation requirements.
- Establish consistent treatment of child-only families by limiting aid for certain child-only families to 60 months. This would affect families in which an adult is an undocumented non-citizen, a drug felon, or a fleeing felon. This would not apply to non-needy caretaker relatives or SSI recipients.
- Build program efficiencies by moving from quarterly reporting to a semi-annual/change reporting system for CalWORKs and food stamp recipients.

The Governor's budget proposals will be deliberated in the upcoming legislative process, during which the public will have opportunities to provide input. In the meantime, counties should not wait for statewide policy changes to be made with respect to these populations. The Department strongly encourages counties to reach out to noncompliant and sanctioned families to engage them in appropriate program

activities and to explore options for providing services to families that have exceeded the 60-month time limit to help them end welfare dependency. Reference ACL 02-92 for further information on providing services to timed out (Safety Net) cases.

### Work Verification Plan

The DRA required DHHS to issue regulations by June 30, 2006, to define federally-allowable activities and establish documentation and verification requirements for activities that a state counts toward the TANF WPR. States were required to submit an interim Work Verification Plan (WVP) to DHHS by September 30, 2006, providing state definitions of activities and documentation and verification procedures. States are also required to have a final WVP that has been approved by DHHS in place by September 30, 2007. States are not subject to penalty in FFY 2008 for failure to follow their WVP during FFY 2007; however, they are expected to begin implementation of the plan during that year so that they are fully compliant with the approved plan by October 1, 2007. States that do not meet the following requirements are subject to new fiscal penalties:

- 1) Submit an interim WVP by September 30, 2006.
- 2) Submit a final WVP that is approved by DHHS by September 30, 2007.
- 3) Comply with the WVP, including maintenance of adequate internal controls to ensure consistent measurement of work participation.

Failure to submit the interim and final WVP by the assigned due dates above would result in a five percent penalty. After October 1, 2007, the state's WVP will be used to complete the state's audit. A penalty for failing to comply with the WVP begins at one percent of a state's TANF Block Grant amount for the first year of noncompliance with the final WVP and increases by one percent for each subsequent year of noncompliance up to five percent.

The Department worked with stakeholders to develop the attached interim WVP that was submitted to DHHS on September 28, 2006, and became effective October 1, 2006. Between October 1, 2006, and October 1, 2007, DHHS will be reviewing states' interim WVPs and notifying states if changes are necessary. This means California's WVP is subject to changes as required by DHHS. During the development of this letter, the Department has received comments from DHHS on the interim WVPs. These comments are not specific to California's plan and were transmitted in the form of an overall guidance document for all states to use in revising their interim plans. States were also directed to submit revised plans by February 28, 2007. The Department will reconvene the stakeholder workgroup to review the federal guidance and the WVP. After the state submits a revised plan, DHHS is likely to have additional comments specific to California's WVP. Once the state's plan has been finalized, the final WVP will be transmitted to counties through an ACIN.

However, it is important to note that the guidance issued by DHHS—to be incorporated in the revised plan—is strictly based on the interim federal regulations. The Department may further amend the state’s interim or final WVP once final federal regulations have been released.

While much of the plan contains current state requirements and county practice, there are several elements of the plan that counties should focus on to ensure they are successful in achieving the maximum amount of participation toward the federal WPR. The interim WVP also contains statements about California’s intent to establish certain procedures by October 1, 2007, if approved by DHHS. These and other areas are summarized below.

### *Definitions of Federally Allowable Activities*

The interim WVP did not change the state’s regulatory definitions of CalWORKs activities. Because the state’s current CalWORKs definitions are already closely aligned with federal definitions, California is less adversely affected by the new federal activity definitions than other states. The existing regulations that define CalWORKs activities are incorporated in the interim WVP definitions. Not all CalWORKs activities, however, have regulatory definitions. If the CalWORKs regulations do not define an activity, the federal definition has been adopted solely for federal data reporting purposes. By means of the instructions established for the federal WPR data collection tools, Q5 (disaggregated data reported to ACF for federal work participation and RADEP Phase II Lite (E2 Lite), the activity definitions contained in the interim WVP will be used for federal and county WPR reporting purposes. Therefore, counties must ensure that documentation in case files enable reviewers to accurately report participation toward the appropriate activity for federal reporting purposes. Information must also be maintained and made available for future reviews and audits.

Attachment 2 provides a “crosswalk” chart that details which allowable state activities may be countable toward the federal work participation rate. For example, non-credited study time that is not monitored and documented is a state allowable WTW activity, at county option, but is not countable toward the WPR.

### *New Flexibility in Counting Work and Work-Related Activities*

The Interim Final Rule allows states to project actual hours of employment participation for up to six months based on documented actual hours of work. However, if information is received that indicates a recipient’s actual hours of work have changed, the hours of work must be re-verified and re-projected. Consistent with CalWORKs’ quarterly reporting system, the state’s interim WVP specifies that hours of employment participation will be projected for three months, and that if an individual reports an increase in work hours mid-quarter, the newly reported number of hours worked will be counted for purposes of participation for the following activities:

1. Unsubsidized employment
2. Subsidized private sector employment
3. Subsidized public sector employment
4. On-the-job Training

*New Flexibility to Count Participation in Behavioral Health Services toward the WPR*

In some areas, the Interim Final Rule provides California with more flexibility to count activities toward the WPR. Participation in domestic abuse services and substance abuse, mental health, and rehabilitative treatment can now be counted as job search and job readiness assistance (see full definition in the interim WVP). Job search and job readiness assistance can count toward the federal WPR as a core activity for up to six weeks per federal fiscal year, four of which can be consecutive. California's interim WVP includes a provision that the four- to six- week time period can be extended, on a case-by-case basis, as a disability accommodation. Additionally, counties must continue to provide participants with needed behavioral health services based on individual assessments according to CalWORKs regulations, regardless of the federal rules for counting these activities toward the WPR.

It is important that counties have clear documentation of participation in these activities in case files, including the specific time period in which the participation occurred and the number of hours of participation, to ensure the state can accurately report these activities toward job search and job readiness assistance. The instructions for WPR reporting will ensure that participation in these activities is properly counted as job search and job readiness assistance activities, when federally allowable, based on information in the case file.

In addition, the Preamble to the Interim Final Rule clarifies that states can count portions of substance abuse and mental health treatment, and rehabilitative activities toward the work participation rate in another "work" category under certain circumstances. Portions of such treatment/activities that meet the common sense definition of another work activity, such as work experience, can be counted toward the WPR as the other activity. For example, if a substance abuse treatment program includes work responsibilities for the benefit of all the residents, such as preparing meals, house cleaning, or scheduling group activities, then those hours can be counted as a work experience activity. To count hours in this way, however, the participation must be appropriately documented in the case file so that it may be verified.

To enable such participation to count toward the WPR, counties are strongly encouraged to establish agreements with service providers to clearly identify portions of treatment programs or activities that can be counted in this way and ensure appropriate supervision and documentation is provided.

*Documentation and Verification Requirements*

California's verification requirements continue to require counties to be responsible for documenting and verifying all hours of federal participation. California's documentation and verification requirements in the interim WVP provide substantial flexibility and are based on current requirements. The Interim Final Rule requirement for "daily supervision" of unpaid activities does not require daily documentation of supervision. The interim WVP specifies that daily supervision means "...supervision determined appropriate and provided by the training or service provider at the same level as other trainees or employees of the organization." For example, classes in a community college would generally meet the daily supervision requirement because the instructor is in the class whenever it meets. Based on this definition, counties should not establish new supervision requirements, such as daily documentation of supervision, which may be unnecessarily burdensome for clients and service providers.

However, on a case-by-case basis, if a county believes that a participant is not attending school or participating in another specified activity, specific verification should be requested and documented in the case file more often. The Chancellor's Office of the California Community Colleges is working with community colleges to develop a variety of documentation methodologies that protect participants' privacy while providing documentation of participation. The Department encourages counties to work with their service providers to develop or refine documentation and reporting that ensures that counties are aware of actual participation on a monthly basis.

Although the Preamble to the federal rules requires documentation of participation every two weeks for some activities, federal rules require monthly reporting of participation (except for work activities). California's interim WVP reflects the regulations and not the Preamble. Federal rules do not allow counting of "scheduled" participation, which is consistent with current state policy as described in ACL 06-06. The state's interim WVP does allow for the continuance of exception reporting (reporting only when an individual fails to attend an assigned activity) when counties have written agreements or contracts with activity providers that include exception reporting under specified conditions.

*Pending Work Verification Plan Provisions*

The interim WVP contains the following provisions that the Department will implement by October 1, 2007, if consistent with final federal regulations. In addition, these provisions, if approved by DHHS, will require the issuance of additional instructions to counties prior to implementation.

- *Satisfactory Progress in Education Activities:* For education directly related to employment and satisfactory school attendance, the interim WVP specifies that, to the extent the state identifies a participant who is not making good or satisfactory progress but is regularly attending school, the state will count up to two months of participation while the state works with the participant to improve his or her

participation and progress. This allowance will only be implemented if DHHS approves this portion of the interim WVP. Until the Department provides new instructions for counties to determine satisfactory progress, counties must continue to follow the Manual of Policy and Procedures (MPP) Section 42-711.8 for such determinations.

- *Job Search and Job Readiness Limitations:* The state's interim WVP plan states that for purposes of the four- and six-week limitation on counting this activity toward the WPR, one hour of job search and job readiness services will count as one hour, not as a full week, and that the state will "bank" hours, for use throughout the year, for a period of time equivalent to the four- and six-week maximums per FFY. The state's ability to implement this allowance is contingent on DHHS' approval of this portion of the interim WVP. If approved, the Department will provide instructions to counties on how this provision will be implemented. This concept also applies to behavioral health services that are job readiness activities.
- *Excused Absences:* The federal government allows states to count excused absences in the WPR but limits the number of excused absences in unpaid activities that states may count toward the WPR to holidays and an additional 10 days within a 12-month period, with only two excused absences allowed during any one month (see page 20 of the interim WVP, under the subheading "Excused Absences," for the state's list of excused absences). California's interim WVP proposes to convert the monthly and yearly allowances into an equivalent "bank" of hours.

In addition, the federal government limits excused absences for paid employees to "paid time off" for holidays and sick leave. The state is proposing to count time off for all paid employment under the same policy as unpaid work activities (i.e., holidays and a maximum of two additional days per month with a maximum of ten days in a 12-month period). This proposal will also require federal approval.

Counties should not initiate automation changes to capture excused absences in this manner until the Department receives approval from DHHS for this allowance and provides further instructions. However, the state is bound to the monthly and yearly limitations for excused absences effective October 1, 2006 for federal WPR reporting purposes. Therefore, it is important that case files contain the information needed to accurately claim excused absences for WPR purposes this year. Please refer to the interim WVP for verification and documentation requirements and examples of countable excused absences.

#### Educational and Training Activities Counting toward the WPR

While there is no change to the actual activities that count toward the federal WPR, the definitions of education and training activities in the Interim Final Rule place some restrictions on what can be counted toward the WPR. However, as previously

mentioned, education and training activities for the CalWORKs program have not changed. Counties must continue to develop WTW plans according to individual assessments and allow participation in core and non-core activities in accordance with CalWORKs provisions. Further, counties cannot arbitrarily change existing WTW plans. WTW plans can only be changed if an individual's WTW plan does not include enough hours to meet the CalWORKs 32- or 35-hour weekly participation requirement, the individual's personal circumstances have changed so that they can no longer participate in the original assignment, an individual is not making satisfactory progress in assigned activities, the local labor market has changed in a way that makes the existing WTW plan no longer viable, or there has been a change in available resources in the community which adversely affects the viability of the WTW plan. Should a WTW plan be changed for any of these reasons, the new WTW plan must be based on the individual's assessment.

It is also important to note that the CalWORKs provisions for the duration of participation in educational and training activities have not changed. Individuals who are not in Self-Initiated Programs (SIPs) can participate in vocational educational training as a core activity for up to 12 months during their lifetime and up to 12 or 15 hours as a non-core activity for any length of time. There is no time limit for other educational and training activities under the CalWORKs program. Assignment to these activities for individuals not participating in SIPs is based on individual assessments pursuant to MPP Section 42-711.55; counties cannot arbitrarily establish shorter time periods limiting individuals' participation in educational or training programs. There continues to be no pre-established time limit for individuals participating in educational or training programs as a SIP pursuant to MPP Section 42-711.54. The duration and number of hours an individual participates in a SIP are determined by the program in which the individual is enrolled; counties cannot arbitrarily establish shorter time periods limiting individuals' participation in SIPs.

Counties need to understand how the state has defined the federally-allowable activities described in the attached interim WVP and make every effort to ensure case files contain sufficient information to allow participation to be appropriately counted toward the WPR. The following clarifies a few areas of the interim WVP regarding education and training activities:

- *Counting Higher Education as Vocational Educational Training and Education Directly Related to Employment Activities for Federal WPR Purposes:* The federal regulations limit counting vocational educational training toward the WPR to "organized educational programs that are directly related to the preparation of individuals for employment in current or emerging occupations requiring training other than a baccalaureate or advanced degree." The Department received clarification from the federal government that this definition does not exclude two-year community college programs. Only training programs for occupations that require a baccalaureate degree or higher are excluded from counting toward the federal vocational educational training definition for WPR purposes.

There is no limitation on the degree level for job skills training or education directly related to employment. However, participation in education directly related to employment is limited to individuals who do not have a high school diploma or a certificate of high school equivalency who are participating in a program that meets this activity's definition.

These federal provisions for counting educational and training activities toward the WPR do not change existing CalWORKs regulations for allowing participation in these activities.

- *Online Educational Activities and Study Time:* As described in the interim WVP, California has specified that hours in education and training activities can be completed online, but will count toward the WPR only when the time spent online can be monitored by the service provider and reported to the county welfare department. Further, as required by the Interim Final Rule, only structured and monitored study sessions that are documented can be counted toward the WPR. Again, it is important that case files contain sufficient documentation to count such participation toward the WPR. Despite the limitation on counting study time toward the WPR, counties continue to have the flexibility to allow participation in non-credit study time, whether supervised or unsupervised, as a non-core CalWORKs activity when provided for in the county's CalWORKs plan (MPP Section 42-716.262).
- *Counting Vocational Educational Training Post 12-Month Limit:* California's interim WVP states that participation in a vocational educational training program that exceeds the federal 12-month time limit will be counted as either job skills training directly related to employment or education directly related to employment for WPR purposes. The key difference is that education directly related to employment requires that the participant not have a high school degree or equivalent while job skills training directly related to employment allows the participant to have such a degree/equivalent. The federal definitions for the activity in which an individual is participating would be used to make a determination of the correct activity. Again, in order to count participation for the federal WPR, sufficient documentation must be contained in the case file.

As a reminder, the CalWORKs core and non-core requirements have not changed, including the conditions under which a county may count education and other specified non-core activities toward the 20-hour per week core requirement. Please see MPP Sections 42-716.23 and .24 for additional information.

The Department recognizes that there are differences between state and federal allowable activities and that there are still elements of the state's response to TANF reauthorization that are unknown. While these two factors add complexity to meeting the federal WPR, the Department continues to believe that achieving the WPR is within reach.

If you have any questions about this letter, please contact your county's Employment Bureau Analyst at (916) 654-2137. For any questions regarding the WVP, please contact the Department's Federal Data Reporting and Analysis Bureau at (916) 651-6250.

Sincerely,

***Original Document Signed***

***By***

CHARR LEE METSKER

Deputy Director

Welfare to Work Division



Filename: TANF summary ACL.doc  
Directory: \\Cdssfps05\wtw\Employ & Elig Branch\Employment Bureau\Users  
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Template: C:\Program Files\Microsoft Office\Templates\Letters &  
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## DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



September 28, 2006

Mr. Michael O. Leavitt  
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Administration for Children and Families  
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Washington DC 20447

Dear Mr. Leavitt:

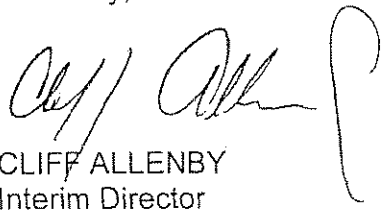
SUBJECT: California's TANF Work Verification Plan

Enclosed is California's Temporary Assistance for Needy Families (TANF) Work Verification Plan for your consideration and approval pursuant to Section 261.62 of the TANF interim final regulations, which were released on June 29, 2006.

California's interim plan reflects current verification and documentation procedures for TANF work participation and is intended to assist the State in ensuring accuracy in the reporting of work activities by work-eligible individuals. In some instances, procedural modifications have been proposed to be effective by October 1, 2007 that will assist California in enhancing its uniformity and consistency in reporting the required data. In addition, as explained in the plan, the State reserves the right to make additional modifications to the plan upon release of additional guidance, including the release of the final TANF regulations.

If you have any questions or wish to discuss this plan further, please contact me at (916) 657-2598 or Kären Cagle, Chief, Estimates and Research Services Branch at (916) 657-1668.

Sincerely,



CLIFF ALLENBY  
Interim Director

Enclosure

c: ACF Regional Office

# State of California's TANF Program Work Verification Plan

## I. GENERAL DESCRIPTION

The California Work Opportunity and Responsibility to Kids (CalWORKs) program is California's federal Temporary Assistance for Needy Families (TANF) program. CalWORKs provides temporary cash assistance to meet basic needs of families. It also provides education, employment and training programs to assist the family's move toward self-sufficiency. State law provides for a cumulative 60-month lifetime limit on cash aid for adults. For children of adults who exhaust the five-year time limit, aid is equal to the children's portion of the grant. California has 58 county welfare departments that administer the CalWORKs program under supervision of the California Department of Social Services (CDSS).

In order to become eligible for CalWORKs, applicants must meet income and property tests and children must be deprived of parental support and care due to the incapacity, death, absence, or unemployment of one or more parents. The State uses a Quarterly Reporting/Prospective Budgeting (QR/PB) process to determine initial and ongoing eligibility for cash assistance. With QR/PB, all recipients are required to submit a Quarterly Eligibility/Status Report (QR 7) once per quarter. Evidence must be submitted with the QR 7 form to verify the reported information. Recipient eligibility and benefits for the quarter are based on information provided on the form, and are determined using prospective budgeting rules. In addition, recipients' eligibility for cash aid is re-determined annually.

The welfare case history consists of all documents and forms relating to eligibility determinations for public assistance including, but not limited to documents necessary to support the granting or denying of aid, case narratives, personal documents, budget forms, referrals to and from other agencies, and correspondence to and from the recipient. In addition, the welfare case file contains welfare-to-work (WTW) records such as the WTW plan and copies of notices of action sent to the participant.

Parents and caretaker adults are required to participate in WTW activities as a condition of continued receipt of aid. To comply with program requirements, an adult in a one-parent assistance unit (AU) must participate, on a monthly basis, an average of 32 hours per week; adults in a two-parent AU must participate, on a monthly basis, an average of 35 hours per week (with one parent participating at least 20 hours). Adults are also required to participate a minimum of 20 hours per week in core work activities, with the balance of their 32- or 35-hour per week participation requirement spent in other non-core activities that will aid in obtaining employment. Participation hours are monitored and verified by county staff on a monthly basis. Individuals who do not comply with WTW program requirements are subject to a financial sanction equal to the adult's portion of the grant amount, in addition to the adult's removal from the AU.

For program eligibility determinations, California runs a system of automation that is used to help administer the CalWORKs program. In particular, the Statewide Automated Welfare System (SAWS) ensures statewide uniformity in program administration by supporting intake, eligibility determination and benefit calculation, re-determination, benefit issuance, case management, fair hearings, quality control, fraud and reporting. The SAWS is implemented via four consortia systems:

## I. GENERAL DESCRIPTION (continued)

- Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER), which is comprised of only Los Angeles County and represents approximately 39 percent of the public assistance caseload;
- CalWORKs Information Network (CalWIN), which is comprised of 18 counties and represents approximately 35 percent of the public assistance caseload.
- Interim Statewide Automated Welfare System (ISAWS), which is comprised of 35 counties and represents approximately 13 percent of the public assistance caseload; and
- Consortium IV (C-IV), which is comprised of four counties and represents approximately 13 percent of the public assistance caseload.

California selects a representative sample of TANF families each month and coordinates a comprehensive review of sampled family cases. Content of TANF reviews focuses on collection and verification of federally specified information about the family and level of work activities. Capturing and reporting of information is supported with a version of the Case Review Application (Q5i) by State and county staff. The application assists the State in moving case reviews to and from State and county staff, structuring the review process, and managing flow of federally required monthly reporting responsibilities. The State collects completed case reviews and compiles data in the federally required report format for transmission to the Administration for Children and Families (ACF) on a quarterly basis.

## II. COUNTABLE WORK ACTIVITIES

This section describes definitions, determination of countable hours, verification of actual hours, and methods of daily supervision for each countable work activity.

**Unsubsidized employment** means full- or part-time employment in the public or private sector that is not subsidized by TANF or any other public program.

1. *Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California adopts the federal definition of unsubsidized employment. The determination of whether employment is subsidized, or not, depends on whether the employer, rather than the recipient, receives a subsidy. Recipients whose employers claim a tax credit for hiring economically disadvantaged workers are considered to be in unsubsidized employment.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact

## II. COUNTABLE WORK ACTIVITIES Unsubsidized employment (continued)

with the recipient, employer, and/or service provider, as appropriate. For aided individuals, the countable hours of participation will be determined using the QR 7 and the 4.33 calculation. For unaided work-eligible individuals who have not provided the number of hours worked on the QR 7, the hours will be determined by dividing the gross earnings by the state minimum wage.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

Generally, actual hours of participation for this activity are verified using information reported on the QR 7, which is signed by the head of household under penalty of perjury, and/or other records in the case file. Participants are responsible for making available to the county welfare department all documents in their possession or available to them that are needed to verify reported income as well as the date of receipt. Evidence of income includes, but is not limited to, pay stubs, letters of award or benefits (such as unemployment, disability, or Social Security), statements showing interest and dividend income, tax return showing amount of Earned Income Credit received, etc. If the information necessary to verify actual hours is not in the case file, the county welfare department seeks verification from the recipient. If the verification is not available from the recipient, the county provides the recipient assistance in obtaining the information.

Third-party sources of employment information, such as, but not limited to, the National Directory of New Hires (NDNH), and the Income Eligibility and Verification System (IEVS) matches may be accessed when additional employment information is necessary. Prior to counting these hours, the information from third-party sources will be verified through collateral contact. The Work Number is another means that can be used by counties to verify employment. Counties are permitted to use the information obtained from this source in the same manner as they would use information provided by the employer. Therefore, no further verification is necessary when using The Work Number.

4. *Describe the methods of daily supervision for each unpaid work activity.*

If hours of participation in training or other job-required, job-sponsored unpaid activities are reported in this category, daily supervision is the supervision determined appropriate and provided by the employer, training or service provider at the same level as other employees of the organization.

- 5a. *For self-employment, describe how the State counts and verifies the hours of participation. A State may not count more hours toward the participation rate for a self-employed individual than the individual's self-employment income (gross income less business expenses) divided by the Federal minimum wage or must describe an alternative methodology that is approved.*

Self-employment hours are verified primarily using information reported by the participant on the QR 7, which is signed under penalty of perjury, and/or other documents. Net self-employment income is determined by offsetting monthly business expenses, evidenced by receipts submitted by the participant, against monthly gross income from self-employment.

## II. COUNTABLE WORK ACTIVITIES Unsubsidized employment (continued)

Based on current CalWORKs eligibility rules, the recipient may choose either actual costs of producing self-employment income or a standard deduction of 40 percent of gross earned income, which will be reported as business expenses for federal data reporting purposes. For self-employed individuals, the maximum number of countable hours is determined by dividing the net self-employment income by the Federal minimum wage.

We anticipate that the ACF will receive comments regarding self-employment income during the public comment period for the interim final regulations. Depending on the impact of those comments on the final regulations, we reserve the option to modify the self-employment policies during the finalization of this plan.

- 5b. If the State intends to project forward hours of participation based on current, documented, actual hours, explain how it will make this projection.*

Beginning October 1, 2006, hours of participation will be projected based on current, documented, actual hours. Generally, this information will be obtained using pay stubs and/or information on the current QR 7 and/or other sources such as, but not limited to, time and attendance records, letters of award or benefits, statements showing interest and dividend income, and tax returns showing amount of Earned Income Credit received. If an individual reports information on a QR 7 that meet the federal hourly requirements of 20, 30, or 35 hours, those hours of employment will be projected as participation for a minimum of 3 months, consistent with the eligibility determination for that same period of time. If an individual reports an increase in work hours mid-quarter, the number of hours worked will be counted for purposes of participation.

We anticipate that the ACF will receive comments regarding excused absences during the public comment period for the interim final regulations. Depending on the impact of those comments on the final regulations, we reserve the option to modify our excused absence policies during the finalization of this plan.

**Subsidized private sector employment** means employment in the private sector for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing a recipient.

**Subsidized public sector employment** means employment in the public sector for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing a recipient.

- 1. Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California adopts the federal definitions of subsidized private sector employment and subsidized public sector employment. Subsidized employment is distinguished from work experience in that the participant in subsidized employment is paid wages and receives the same benefits as an employee with no

## II. COUNTABLE WORK ACTIVITIES Subsidized employment (continued)

subsidy who performs similar work. Subsidized employment does not include "on-the-job training" programs. Subsidized work may include (1) work supplementation where TANF funds that would otherwise be paid as assistance are paid to the employer or to a third-party contractor, like a temporary staffing agency, which serves as the employer of record and is paid a fee to cover salary, expenses and success in placing employees; (2) supported work for individuals with disabilities in an integrated setting, or (3) work study activities.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient, employer, and/or service provider, as appropriate. In situations when hours of participation are not available for unaided, work-eligible individuals, the number of countable hours will be calculated by dividing the gross earnings by the state minimum wage.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

Generally, the actual hours of participation for this activity are verified using information reported on the QR 7, which is signed by the head of household under penalty of perjury, and/or other records in the case file. Participants are responsible for making available to the county welfare department all documents in their possession or available to them that are needed to verify reported income as well as the date of receipt. Evidence of income includes, but is not limited to, pay stubs, letters of award or benefits (such as unemployment, disability, or Social Security), statements showing interest and dividend income, tax return showing amount of Earned Income Credit received, etc. If the information necessary to verify actual hours is not in the case file, the county welfare department seeks verification from the recipient. If the verification is not available from the recipient, the county provides the recipient assistance in obtaining the information.

Third-party sources of employment information, such as the NDNH, the IEVS, and The Work Number may be accessed when additional information is necessary for verification. Prior to counting these hours, the information from third-party sources will be verified through collateral contact. The Work Number is another means that can be used by counties to verify employment. Counties are permitted to use the information obtained from this source in the same manner as they would use information provided by the employer. Therefore, no further verification is necessary when using The Work Number.

## II. COUNTABLE WORK ACTIVITIES Subsidized employment (continued)

### 4. Describe the methods of daily supervision for each unpaid work activity.

If hours of participation in training or other job-required, job-sponsored unpaid activities are reported in this category, daily supervision is the supervision determined appropriate and provided by the employer, training or service provider at the same level as other employees of the organization.

### 5. If the State intends to project forward hours of participation based on current, documented, actual hours, explain how it will make this projection.

Beginning October 1, 2006, hours of participation will be projected based on current, documented, actual hours. Generally, this information will be obtained using pay stubs and/or information on the current QR 7 and/or other data sources such as, but not limited to, employer reports, time and attendance records, letters of award or benefits, statements showing interest and dividend income, and tax returns showing amount of Earned Income Credit received. If an individual reports information on a QR 7 that meet the federal hourly requirements of 20, 30 or 35 hours, those hours will be projected for a minimum of three months, consistent with the eligibility determination for that same period of time. If an individual reports an increase in work hours mid-quarter, the number of hours worked will be counted for purposes of participation.

**Work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available** means a work activity, performed in return for welfare, that provides an individual with an opportunity to acquire the general skills, training, knowledge, and work habits necessary to obtain employment. The purpose of work experience is to improve the employability of those who cannot find unsubsidized employment. This activity must be supervised by an employer, work site sponsor, or other responsible party on an ongoing basis no less frequently than daily.

### 1. Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)

California will use the definition of work experience as specified in CDSS Manual of Policies and Procedures Section 42-701.2(w)(3), which conforms to the federal definition above. An individual that is considered an "employee" under the Fair Labor Standards Act (FLSA) must be compensated at the applicable minimum wage. The FLSA's overtime pay (for over forty hours in a work week), child labor, and recordkeeping requirements apply. TANF assistance provided to work experience participants is not considered wages for Social Security, Federal income tax, or Earned Income Tax Credit purposes. A participant is considered to be an "employee" for purposes of workers' compensation. Hours of participation in work experience shall be limited as follows:

- When the assistance unit includes food stamp recipients, the individual shall participate for no more than the number of hours each month, determined collectively for the assistance unit, equal to the CalWORKs grant plus the food stamp allotment divided by the State or federal minimum wage, whichever is higher; or

## II. COUNTABLE WORK ACTIVITIES Work experience (continued)

- When the assistance unit does not include food stamp recipients, the individual shall participate for not more than the number of hours each month, determined collectively for the assistance unit, equal to the CalWORKs grant divided by the state or federal minimum wage, whichever is higher.
2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient, employer, and/or service provider, as appropriate. In situations when hours of participation are not available for unaided, work-eligible individuals, the number of countable hours will be calculated by dividing the gross earnings by the State or federal minimum wage, whichever is higher.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

The number of actual hours of participation for this activity is verified using information that may be reported on the QR 7, which is signed by the head of household under penalty of perjury, and/or other records in the case file, such as time and attendance records from the service provider or recipient, and/or welfare-to-work records. The documentation is maintained in the case file.

4. *Describe the methods of daily supervision for each unpaid work activity.*

If hours of participation in unpaid training are reported in this category, daily supervision is the supervision determined appropriate and provided by the employer, training or service provider at the same level as other trainees in the organization.

**On-the-job training** means training in the public or private sector that is given to a paid employee while he or she is engaged in productive work and that provides knowledge and skills essential to the full and adequate performance of the job. On-the-job training must be supervised by an employer, work site sponsor, or other responsible party on an ongoing basis no less frequently than daily.

1. *Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California generally adopts the federal definition of on-the-job training. However, it should be noted that until additional clarification is received based on the final TANF regulations, participation in on-the-job training may, in some instances, be reported as unsubsidized employment. In addition, on-the-job training may be provided to an individual who is not yet a paid employee, pending completion of training.

## II. COUNTABLE WORK ACTIVITIES On-the-job training (continued)

For on-the-job training activities, the employer is subsidized to offset training costs. Supported work may be counted as on-the-job training if it includes significant training in the skills and knowledge essential to job performance. On-the-job training may also include orientation and classroom instruction required by the recipient's employer and/or case manager. In some instances, training (e.g., tax preparation) or continuing education (e.g., nursing) is a necessary and regular element of employment. On-the-job training may include participation in these types of activities, whether the individual is reimbursed for the training costs or not.

We anticipate that the ACF will receive comments regarding this activity during the public comment period for the interim final regulations. Depending on the impact of those comments on the final regulations, we reserve the option to modify our definition of on-the-job training during the finalization of this plan.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient, employer, and/or service provider, as appropriate.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

In circumstances when on-the-job training consists of paid training, actual hours of participation are verified in the same manner as unsubsidized employment. Actual hours of participation for unpaid training are verified using information that may be reported on the QR 7, which is signed by the head of household under penalty of perjury, and/or other records in the case file, such as time and attendance records from the service provider or recipient, and/or welfare-to-work records. The documentation is maintained in the case file.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other trainees or employees of the organization.

- 5a. *Describe the nature of training provided by employers that distinguishes this from subsidized employment.*

Unlike subsidized employment, on-the-job training that is provided by employers subsidizes the employer to offset the cost of training provided to the participant. On-the-job training is not limited to training provided during normal work hours. In contrast, subsidized employment is an activity in which the recipient is paid in the form of either wages or the cash aid grant for work and training time.

## II. COUNTABLE WORK ACTIVITIES (continued)

*5b. If the State intends to project forward hours of participation based on current, documented, actual hours, explain how it will make this projection.*

Beginning October 1, 2006, hours of participation will be projected based on current, documented, actual hours. Generally, this information will be obtained using pay stubs and/or information on the current QR 7 and/or other data sources such as, but not limited to, employer reports, time and attendance records, and letters of award or benefits. If an individual reports information on a QR 7 that meet the federal hourly requirements of 20, 30, or 35 hours, then those hours will be projected for a minimum of three months, consistent with the eligibility determination for that same period of time. If an individual reports an increase in work hours mid-quarter, the number of hours worked will be counted for purposes of participation.

**Job search and job readiness assistance** means the act of seeking or obtaining employment, preparation to seek or obtain employment, including life skills training, and substance abuse treatment, mental health treatment, domestic abuse or rehabilitation activities for those who are otherwise employable. Such treatment or therapy must be determined to be necessary and certified by a qualified medical or mental health professional. Job search and job readiness assistance activities must be supervised by the county welfare department or other responsible party on an ongoing basis no less frequently than daily.

*1. Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

California will use the definition of job search and job readiness assistance as specified in CDSS Manual of Policies and Procedures Sections 42-701.2(j)(2) and (3), which conforms to the federal definition above. In addition, job search includes looking for suitable job openings, making contact with potential employers, applying for vacancies, and interviewing for jobs. For federal data reporting purposes, job readiness assistance also comprises the following two activities:

- a. Preparing an individual to obtain or retain employment, such as preparing a resume or job application, interviewing skills, instruction in work place expectations, and life skills training; and
- b. Substance abuse treatment, mental health treatment, domestic violence treatment, or rehabilitation activities for those who are otherwise employable.

Treatment or rehabilitation services can include residential treatment, group or individual therapy, support group, or participation in Alcoholics Anonymous, Narcotics Anonymous, and Overeaters Anonymous, etc. These services must have been determined by the county to be necessary to prepare an individual to obtain or maintain employment or participate in welfare-to-work activities and must be documented in the WTW plan and/or case file. If a portion of the treatment or rehabilitation activities meets a common-sense definition of another work activity, such as community service or work experience, then the hours associated with the "work"

## II. COUNTABLE WORK ACTIVITIES Job search and job readiness assistance (continued)

will count under that activity and the actual treatment hours will count in job search and job readiness assistance.

Hours reported under this activity may include time spent online. Online tasks could include, but are not limited to, searching for job vacancies, submitting résumés and completing applications. Hours reported under this activity may also include activities such as time spent by the participant assisting in expungement of criminal records, removal of tattoos, payment of tickets to secure a valid driver license, drug testing for a specific job classification, and taking tests to qualify for specialized certificates. These activities will be assigned to the extent they are determined necessary for the participant to obtain employment or participate in other welfare-to-work activities. In addition, hours spent in these activities will be documented in the WTW plan. Reasonable transportation time to and from job interviews obtained from participating in this activity will count toward job search and job readiness hours.

If the work-eligible individual is assigned to an activity under job search and job readiness assistance that is not supervised on a daily basis due to the nature of the activity, the individual will communicate and/or discuss his or her participation on a regular basis with a service provider or case manager to ensure that he or she receives support and direction in the activity. A county may require additional verification of activities, which may include such documents as job contact logs that provide sufficient information to verify the job search activity, mileage logs, or other documentation included in the case file.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient and/or service provider, as appropriate.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

The number of countable hours of participation for this activity is determined by using records maintained in the case file, such as time and attendance records from the service provider, and/or welfare-to-work records. Actual hours of participation are verified using time sheets, attendance records, and similar documentation made available at least monthly by the service provider and/or participant and maintained in the case file.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other job search and job readiness assistance participants.

## II. COUNTABLE WORK ACTIVITIES Job search and job readiness assistance (continued)

*5a. If the State intends to count substance abuse treatment, mental health treatment and rehabilitation activities, describe the criteria to determine whether recipients are "otherwise employable" and establish the necessity of treatment or therapy. Describe the certification requirements for qualified medical or mental health professionals used in this process.*

California intends to count substance abuse treatment, mental health treatment, domestic abuse services and rehabilitation services for those who are otherwise employable.

If there is a concern that a mental disability exists that will impair the ability of a recipient to obtain employment, he or she is referred to the county mental health department for an evaluation. The county mental health department or its contractor evaluates the recipient and makes a determination of any treatment needs. The evaluation includes the extent to which the individual is capable of employment at the time and under what working and treatment conditions the individual is capable of employment. The evaluation also includes any prior diagnoses, assessments, or evaluations that the recipient provides.

The county welfare department develops the individual WTW plans for participants with mental or emotional disorders based on this evaluation.

If there is a concern that a substance abuse problem exists that will impair the ability of a recipient to obtain or retain employment, he or she is referred to the county alcohol and drug program for an evaluation and determination of any treatment necessary for the participant's transition from welfare to work. If the county welfare department determines that the county alcohol and drug program or its contractor and/or service provider is unable to provide the needed services, the county welfare department may contract directly with a non-profit State-licensed narcotic treatment program, residential facility, or certified non-residential substance abuse program to obtain substance abuse services for participants. If a participant is determined to have a substance abuse problem, the participant's WTW plan is based on the results of the evaluation. The WTW plan may include appropriate treatment requirements, including assignment to a substance abuse program.

An individual who has been identified as a victim of domestic abuse is referred to staff trained in serving victims of domestic abuse. Each individual is assessed on an individual basis to develop a WTW plan that will not place the individual at further risk.

Learning disability evaluations must be performed by qualified learning disability professionals who use recognized and validated learning disabilities evaluation tools to identify learning disabilities and to determine the appropriate accommodations for individuals with learning disabilities. If the learning disabilities evaluation establishes that the participant has a learning disability that interferes with obtaining or retaining employment or participating in program activities, the county welfare department will develop or modify the welfare-to-work plan to reflect appropriate activities and necessary reasonable accommodations. This will be done based on the results of the learning disabilities evaluation and discussions with the participant.

## II. COUNTABLE WORK ACTIVITIES Job search and job readiness assistance (continued)

*5b. Describe how the State ensures that no more than six total weeks (four consecutive weeks) of job search and job readiness assistance are reported in a fiscal year (or a total of twelve weeks in States that meet the definition of a "needy State" for the Contingency Fund).*

For purposes of the six-week limit, no more than four consecutive weeks per federal fiscal year will be claimed. A week consists of seven consecutive days. Beginning October 1, 2006, a week starts on Monday and ends on Sunday. Participation by each individual is evaluated and a determination is made about whether the hours of participation in job search and job readiness are necessary for the case to meet the federal work requirements. If participation in other federally-allowable activities meets or exceeds the requirement, then the hours of participation in job search and job readiness assistance will not be counted. The four- or six-week limit on job search and job readiness activities will be excused or waived on a case-by-case basis for the purpose of accommodating a person with disabilities.

For the purposes of completing the TANF data reports, the State currently ensures the time limit is not exceeded by individual analysis of each case file by data collection staff. By October 1, 2007, the State will verify that county welfare departments have tracking systems in place that monitor participation consistent with the federal requirements.

By October 1, 2007, California will treat job search and job readiness limitations as hourly limitations. For purposes of the four and six week limitation, one hour of job search and job readiness services will count as one hour, not as a full week. Counties would be allowed to "bank" hours, for use throughout the year, for a period of time equivalent to the four and six week annual maximums [e.g., 160 hours (four weeks x 40 hours per week) and 240 hours (six weeks x 40 hours per week)].

We anticipate that the ACF will receive comments regarding this activity during the public comment period for the interim final regulations. Depending on the impact of those comments on the final regulations, we reserve the option to modify our definition of job search and job readiness assistance during the finalization of this plan.

**Community service programs** means structured programs and embedded activities in which TANF recipients perform work for the direct benefit of the community under the auspices of public or nonprofit organizations. Community service programs must be limited to projects that serve a useful community purpose in fields such as health, social service, environmental protection, education, urban and rural redevelopment, welfare, recreation, public facilities, public safety, and child care. Community service programs are designed to improve the employability of recipients not otherwise able to obtain employment, and must be supervised on an ongoing basis no less frequently than daily. A state agency shall take into account, to the extent possible, the prior training, experience, and skills of a recipient in making appropriate community service assignments.

## II. COUNTABLE WORK ACTIVITIES Community service programs (continued)

1. *Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

California will use the definition of community service as specified in CDSS Manual of Policies and Procedures Section 42-701.2(c)(3), which conforms to the federal definition above. Other activities may be embedded within the community service programs activity. In these circumstances, short-term training or equivalent activities will be included if they are of limited duration and are necessary for participation in the community service activity. Family- and self-improvement activities that do not provide a direct benefit to the community will not be counted as community service, including substance abuse treatment, mental health and family violence counseling, life skills and parenting classes, job readiness instruction and caring for a disabled household family member. Community service programs will not include activities that meet the definition of another allowable TANF work activity with the exception of embedded activities identified above. Excluded activities include unstructured and unsupervised activities, such as helping a neighbor or friend, and foster parenting. A participant that is considered an "employee" is subject to the Fair Labor Standards Act (FLSA) requirements. Programs may include "bridge" activities, i.e., community service program activities that are provided via contract with community service agencies. The "bridge" activities usually serve to engage recipients in activities that improve their employability while they are waiting for the assigned activity in their plans to begin.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient and/or service provider, as appropriate.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

Actual hours of participation are verified using time sheets, attendance records, and similar documentation made available by the service provider and/or participant and maintained in the case file. Documentation of participation is provided on a monthly basis by the service provider and that documentation is maintained in the case file.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other community service participants.

## II. COUNTABLE WORK ACTIVITIES **Community service programs** (continued)

- 5a. Describe how the types of community service positions that create an employer/employee relationship and are subject to the FLSA minimum wage requirements will be determined.*

In California, community service positions are subject to the FLSA minimum wage requirements. As a result, the number of hours of participation in community service programs is determined by adding the monthly CalWORKs grant and food stamp amounts and then dividing by the federal or state minimum wage, whichever is higher. In addition, the State provides workers' compensation coverage to recipients in community service programs and work experience activities.

- 5b. If the State permits self-initiated community service positions, describe how it determines that the position provides a direct community service and improves the recipient's employability.*

Participation in self-initiated community service programs is permitted as long as the activity meets the definition of a community service program and the activity is approved by the county welfare department.

**Vocational educational training** means organized educational programs that are directly related to the preparation of individuals for employment in current or emerging occupations requiring training other than a baccalaureate or advanced degree. Vocational educational training must be supervised on an ongoing basis no less frequently than daily.

- 1. Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California adopts the federal definition of vocational educational training. Vocational education must be provided by education or training organizations, such as but not limited to, vocational-technical schools, postsecondary institutions and proprietary schools. In some instances, the vocational educational training will be completed online. Participation will count toward vocational educational training hours only when the time spent online can be monitored by the service provider and reported to the county welfare department. Only structured and monitored study sessions which can be documented will be counted.

- 2. Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient and/or service provider, as appropriate.

## II. COUNTABLE WORK ACTIVITIES Vocational educational training (continued)

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

The actual hours of participation for this activity is verified using information reported on the QR 7, which is signed by the head of household under penalty of perjury, and/or other records in the case file, such as laboratory time and classroom time sheets, attendance records, and similar documentation made available by the service provider and/or participant and maintained in the case file. Verification of participation is reported to the county welfare department on a monthly basis.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other students and trainees.

- 5a. *Describe how the State ensures participation in vocational educational training does not count beyond the statutory limitations limiting participation to 12 months lifetime per individual.*

For purposes of completing the TANF data reports, the State currently ensures the time limit is not exceeded by individual analysis of each case file by data collection staff. The State ensures that no more than 12 months of vocational educational training are counted per lifetime by evaluating the participation of each individual and determining whether the hours in the activity are necessary for the case to meet the federal work requirements. Participation in vocational educational training beyond 12 months will count as job skills training directly related to employment or education directly related to employment. The 12-month limit on vocational educational training will be excused or waived on a case-by-case basis for the purpose of accommodating a person with disabilities.

Beginning October 1, 2006, if participation in other federally-allowable activities meets or exceeds the requirement, then the hours of participation in vocational educational training will not be counted. By October 1, 2007, the State will verify that the county welfare departments have tracking systems in place that monitor participation consistent with federal requirements.

- 5b. *Explain how the State will ensure that basic and remedial education and English as a Second Language (ESL), if such activities are counted, are of limited duration and a necessary or regular part of the vocational education training.*

Basic and remedial education and English as a Second Language may be embedded as part of vocational educational training activity on a case-by-case basis. For example, Vocational English as a Second Language (VESL) is a short-term (usually three to six months) activity that allows non-native English speakers to learn the language that is specific to and necessary for performance in a particular vocation. The service provider and/or the recipient's case manager will determine whether the activities are necessary for successful participation and/or employment of the recipient.

## II. COUNTABLE WORK ACTIVITIES (continued)

**Job skills training directly related to employment** means training or education for job skills required by an employer to provide an individual with the ability to obtain employment or to advance or adapt to the changing demands of the workplace. Job skills training directly related to employment must be supervised on an ongoing basis no less frequently than daily.

1. *Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California adopts the federal definition of job skills training directly related to employment. The activity may include either customized or

general training to prepare an individual for employment, including literacy and language instruction and other remedial education. Barrier removal activities, such as substance abuse counseling and treatment, will not be included. In some instances, the job skills training will be completed online. Participation will count toward job skill training directly related to employment only when the time spent online can be monitored by the service provider and reported to the county welfare department and documented in the case file. Only structured and monitored study sessions that can be documented will be counted. Activities may include vocational educational training that has been extended beyond 12 months.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient and/or service provider, as appropriate.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

The hours of participation for this activity are verified using information reported on the QR 7, which is signed by the head of household under penalty of perjury, and/or other records in the case file, such as time and attendance records from the service provider or recipient, and/or welfare-to-work records. Actual hours of participation are verified using time sheets, attendance records, and similar documentation made available by the service provider and/or participant and maintained in the case file. Any job skills training that is completed online must be monitored by the service provider, reported to the county welfare department on a monthly basis, and documented in the case file.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other trainees.

## II. COUNTABLE WORK ACTIVITIES (continued)

**Education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency** means education related to a specific occupation, job, or job offer. Education directly related to employment must be supervised on an ongoing basis no less frequently than daily.

1. *Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California adopts the federal definition of education directly related to employment. The activity will include adult basic education and ESL and, where required as a prerequisite for employment, education leading to a General Educational Development (GED) or high school equivalency diploma. Participants must make "good or satisfactory progress" which may include, but is not limited to, performance, attendance, and/or completion timeframes under the standards of the institution or program. In some instances, the education directly related to employment will be completed online. Participation will count toward education directly related to employment only when the time spent online can be monitored by the service provider and is reported to the county welfare department. Only structured and monitored study sessions that can be documented will be counted, including time spent online.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient, and/or service provider, as appropriate.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

The actual hours of participation for this activity are verified using documents such as time and attendance records from the service provider or participant, and/or welfare-to-work records maintained in the case file.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other students.

5. *Describe the state's criteria for "good or satisfactory progress" and when and how it is documented.*

The standard for "good or satisfactory progress" is determined by the service provider using the service provider's criteria. In general, attendance, academic performance and duration of enrollment may be included in the criteria. Documentation of satisfactory progress is provided

## II. COUNTABLE WORK ACTIVITIES Education directly related to employment (continued)

as often as is determined by the service provider and can include, but is not limited to, report cards and progress reports. Satisfactory progress is monitored monthly by the county welfare department and the documentation is maintained in the participant's case file, except for teen parent heads of household receiving Cal-Learn services. Their satisfactory attendance is monitored up to four times per school year.

By October 1, 2007, if consistent with the final federal regulations, California will, to the extent the State identifies a participant who is not making good or satisfactory progress but is regularly attending, count up to two months of participation for individuals who may not be making satisfactory progress while the State works with the participant to improve his or her participation and progress.

**Satisfactory school attendance at secondary school or in a course of study leading to a certificate of general equivalence in the case of a recipient who has not completed secondary school or received such a certificate** means regular attendance, in accordance with the requirements of the secondary school or course of study, at a secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate. This activity must be supervised on an ongoing basis no less frequently than daily.

1. *Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California adopts the federal definition of satisfactory school attendance. Participants must make "good or satisfactory progress" which may include, but is not limited to, performance, attendance, and/or completion timeframes under the standards of the institution or program. Satisfactory school attendance will not include other related educational activities, such as adult basic education or language instruction unless these are required for completion of a General Educational Development (GED) credential. In some instances, participation will be completed online and will count toward satisfactory school attendance only when the time spent online can be monitored by the service provider and is reported to the county welfare department on a monthly basis. Only structured and monitored study sessions that can be documented will be counted.

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

Weekly hours of participation are determined by dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient, employer, and/or service provider, as appropriate.

## II. COUNTABLE WORK ACTIVITIES Satisfactory school attendance (continued)

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

Participants must provide routinely available documentation of school attendance. Actual hours of participation are verified using report cards, attendance records, and similar documentation made available by the service provider and/or participant and maintained in the case file. Case managers who have reason to believe that a participant is not attending school can require that specific verification be provided more often, as necessary.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other students.

5. *Describe the state's criteria for "good or satisfactory progress" and when and how it is documented.*

"Good or satisfactory progress" is determined by the service provider using the service provider's standard. In general, attendance, academic performance and duration of enrollment may be included in the standard. Documentation of satisfactory progress is provided as often as is determined by the service provider and can include, but is not limited to, report cards and progress reports. Satisfactory progress is monitored at least monthly by the county welfare department and the documentation is maintained in the participant's case file.

By October 1, 2007, if consistent with the final federal regulations, California will, to the extent the State identifies a participant who is not making good or satisfactory progress but is regularly attending, count up to two months of participation for individuals who may not be making satisfactory progress while the State works with the participant to improve his or her participation and progress.

**Providing child care services to an individual who is participating in a community service program** means providing child care to enable another TANF recipient to participate in a community service program. This activity must be supervised on an ongoing basis no less frequently than daily.

1. *Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)*

For federal data reporting purposes, California adopts the federal definition of providing child care services to an individual who is participating in a community service program. The activity does not include providing child care to enable a TANF or SSP-MOE recipient to participate in any of the other eleven allowable work activities and does not allow for one parent in a two-parent case to care for their own children in the home.

## II. COUNTABLE WORK ACTIVITIES Providing child care services (continued)

2. *Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.*

In most situations, this activity would be reported as unsubsidized employment. If the State does report under this category, the number of countable hours of participation for this activity will be determined by adding the actual hours of participation in a month and then dividing the monthly hours by 4.33 (the average number of weeks per month). If the information necessary to determine countable hours is not in the case file, the county welfare department will make contact with the recipient, employer, and/or service provider, as appropriate.

3. *Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.*

Actual hours of participation are verified using time sheets, attendance records, and similar documentation made available by the service provider and/or participant and maintained in the case file.

4. *Describe the methods of daily supervision for each unpaid work activity.*

Daily supervision is the supervision determined appropriate and provided by the training or service provider at the same level as other participants.

## III. HOURS ENGAGED IN WORK

### Excused Absences

1. *Describe the State's excused absence policies for unpaid work activities. This includes its policies for holidays as well as the ten additional excused absences that the State may count in a 12-month period. If the policies vary by work activity, the State should describe how they vary and for which activities.*

Each recipient engaged in unpaid work activities is allowed all federal, state and local government (city and/or county) holidays; religious holidays recognized by the employer or service provider; and short-term holidays such as spring break or intersession break where the employer or service provider is closed. In addition, excused absences are allowed for school appointments, medical appointments for self or dependants, court appointments, caseworker appointments, job interviews, child care breakdown, child illness, family problems including domestic violence issues, housing issues, transportation breakdown, and other similar problems. Verification of excused absences must be documented in the case file.

- Unpaid Work Activities

By October 1, 2007, the State will structure the treatment of unpaid work activities in a manner similar to an actual employment setting. In the work environment, when an

### III. HOURS ENGAGED IN WORK (continued)

employee needs to leave due to illness, an appointment, etc., time off is generally charged on an hour-for-hour basis. The State will convert the monthly and yearly allowances into an equivalent "bank" of hours, allowing excused absences for up to 16 hours per month and 80 hours in any 12-month period for paid and unpaid work-eligible individuals. Verification of excused absences must be documented in the case file.

- Paid Work Activities

By October 1, 2007, if consistent with the federal regulations, the State will serve recipients in paid work activities who do not receive paid time off under the same policy as for unpaid work activities, i.e., holidays and a maximum of two additional days per month with a maximum of ten days in a 12-month period. Further, the State will allow a "bank" of hours as described above.

One way California reports hours of participation is based on exception reporting (reporting only when an individual fails to attend an assigned activity) when counties have written agreements or contracts with service providers that include exception reporting. This allows counties to focus on non-attendance and ensures accountability through the agreements and contracts.

We anticipate that the ACF will receive comments regarding excused absences during the public comment period for the interim final regulations. Depending on the impact of those comments on the final regulations, we reserve the option to modify our excused absence policies during the finalization of this plan.

#### FLSA Deeming

1. *If the State wishes to use the "deeming" provision permitted at §§ 261.31 and 261.32 for work experience or community service programs, describe how the State determines the work hours requirement, including how the monthly TANF grant and food stamp allotment are combined and divided by the appropriate minimum wage to meet the "core" participation requirement. Include a statement certifying that the State has adopted a food stamp workfare program and a limited or "mini" Simplified Food Stamp Program.*

The State plans to use the "deeming" provision permitted under Sections 261.31 and 261.32 for determining the maximum monthly hours that a participant may participate in the following State CalWORKs WTW activities: unpaid work experience and unpaid community service. The State received letters dated May 5, 2000, and August 3, 2000, from the United States Department of Agriculture Food and Nutrition Service approving the State's request for authority to implement a Simplified Food Stamp Program (SFSP). Also, the State certifies that California has adopted a "mini" SFSP in order to count the value of food stamp benefits. The State determines the maximum monthly hours of participation by combining the CalWORKs assistance unit's grant plus the assistance unit's portion of the food stamp allotment and dividing it by the state or federal minimum wage, whichever is higher. No more than that number of hours will be allowed. Beginning

### III. HOURS ENGAGED IN WORK (continued)

October 1, 2006, if the calculated number is not sufficient to meet the hourly requirement, the State will deem 20 core hours.

By October 1, 2007, if consistent with the final federal regulations, California will "deem" a work-eligible individual who can only participate for a limited number of hours per week, as determined by a doctor to receive full credit for participation at the required federal work participation level (either 20, 30, or 35 hours per week), when the recipient participates at the maximum level allowed by his or her doctor in any of the work activities specified in this plan.

2. *If State policies or procedures differ for work experience and community service programs on FLSA deeming, the State should make those differences clear.*

There is no difference in FLSA deeming for work experience and community service programs.

### IV. WORK-ELIGIBLE INDIVIDUAL

1. *Describe the State's procedures for identifying all work-eligible individuals, as defined at § 261.2.*

A work-eligible individual is defined as an adult (or minor child head-of-household) receiving assistance under TANF or a separate State program or a non-recipient parent living with a child receiving such assistance (usually a child-only case) unless the parent is:

- A minor parent and not the head-of-household or spouse of the head-of-household
- An alien who is ineligible to receive assistance due to his or her immigration status
- A drug felon or fleeing felon or
- A recipient of Supplemental Security Income (SSI) benefits or of the state program for persons who are ineligible for SSI benefits solely due to immigration status. By October 1, 2007, if consistent with the federal final regulations, the State will exclude applicants for SSI and the state program.

The term also excludes:

- A parent providing care for a disabled family member living in the home who does not attend school on a full-time basis, provided that the need for such care is supported by medical documentation and
- An individual in a family receiving MOE-funded assistance under an approved Tribal TANF program.

#### IV. WORK-ELIGIBLE INDIVIDUAL (continued)

The State accepts the federal definition of work-eligible individual. By October 1, 2006, further clarification on work-eligible individuals will be provided in additional instructions to county welfare departments as follows:

- **Disabled** means the individual is receiving benefits from State Disability Insurance, Worker's Compensation Temporary Disability Insurance, In-Home Supportive Services, or the State Supplementary Program. For adult family members, disabled also means the individual is temporarily disabled and the disability is expected to last at least 30 days and significantly impairs the individual's ability to be regularly employed or participate in activities. For family members who are children, the disability significantly impairs his or her ability to participate in school activities. In addition to providing verification from a doctor of his or her disability, the individual will be required to actively seek treatment, if appropriate, as verified by a doctor.
- **Family member** means the individual is a relative living in the household. A relative may be any relation by blood, marriage or adoption who is within the fifth degree of kinship to the dependent child, as defined in CDSS Manual of Policies and Procedures Section 82-808.
- **Attending School Full Time** means attending school for the number of hours, weeks, or days determined by the school district or service provider to be full time. Attendance is actual attendance and not based solely on enrollment. If the child cannot regularly attend school during school hours, then the parent is qualified for the exclusion. The exclusion for not having a child in school full-time must be accompanied by a medical examination by a MD, therapist, or licensed psychologist that confirms the condition or disability may require the adult to care for the child at home, or not at school, during school hours, and thus affect the child's probability of attending school full-time. Documentation that confirms the condition or disability may also be verified by information that is already contained in the case file. Such ability to actually attend school shall be reviewed on a no less than annual basis and must be documented in the case file. Home-schooling due to the child having a disability that prevents full-time attendance in school does not qualify as "attending school full-time."

We anticipate that the ACF will receive comments regarding this issue during the public comment period for the interim final regulations. Depending on the impact of those comments on the final regulations, we reserve the option to modify our definition of work-eligible individual.

*2. Describe verification procedures for ensuring the accuracy in reporting of work-eligible individuals on the TANF Data Report and the SSP-MOE Data Report, including:*

- *The correct reporting of the Work Participation Status of all adult (or minor child head of-household) family members and*
- *The proper identification of TANF Families for inclusion in only the overall work participation rate or the overall and two-parent work participation rates, or exclusion from both the overall and two-parent work participation rates.*

#### IV. WORK-ELIGIBLE INDIVIDUAL (continued)

The sample that is used for federal data reporting purposes is pulled based on the TANF Sampling Plan using the identified populations (i.e., All Families and Two-Parents) by aid type. Safety net and child-only cases are also included in the sample.

3. *Describe the procedures that show how the State ensures that, for each work-eligible individual, it accurately inputs data into the automated data processing system, properly tracks the hours, and accurately reports countable hours to HHS that do not include participation in an activity that does not meet a Federal definition.*

Based on federal regulations and data reporting instructions, state-specific guidance is developed for the counties to use in reporting data, including the instruction to verify all reported data and retain in the case file (manual or electronic) all documentation used for verification. By October 1, 2006, those procedures will be adjusted to include the additional work-eligible individuals.

#### V. INTERNAL CONTROLS

California submits sampled information to meet the mandated reporting requirements. Each sampled case is individually assessed by either state or county staff. Case characteristics and participation information is collected and reported utilizing the Q5i application. The application has been enhanced to include business rules and edits to assist in accurate and consistent data collection.

1. *Describe the phase-in of procedures and/or internal controls.*

Most provisions in California's Work Verification Plan are effective October 1, 2006. However, there are some provisions that will be phased in (by October 1, 2007). These provisions are:

- In early October 2006, additional training will be provided to data collection staff to ensure understanding of definition and rule changes. Training is provided on an on-going basis to the state and county case review staff on data collection and work participation requirements, especially as additional information regarding federal reporting requirements become available.
- In the upcoming federal fiscal year, California will deploy a new web-based data survey tool with enhanced business rules and edits to further assist in collection and transmission of accurate data.
- The State will ensure that counties are accurately tracking and monitoring limits to vocational educational training and job search and job readiness assistance by October 1, 2007.
- By October 1, 2007, California will treat job search and job readiness limitations as hourly limitations.

## V. INTERNAL CONTROLS (continued)

- By October 1, 2007, for education directly related to employment and satisfactory school attendance, California will, to the extent the State identifies a participant who is not making good or satisfactory progress, count up to two months of participation for individuals who may not be making satisfactory progress while the State works with the participant to improve his or her participation and progress.
2. *Describe the internal controls to ensure established work verification procedures are properly being employed.*

At the state level, virtually all the work verification procedures identified in this plan are current, well-established procedures used for federal data reporting and/or eligibility determinations. These procedures have been shared, in writing, with the state and county staff that collect data for federal data reporting purposes. In a continuing effort to improve the state's data reporting accuracy, ongoing training and procedural updates are provided to staff. In addition, text help is available in the Q5i application and a secondary review of select data elements is completed at the state level.

State staff will begin conducting on-site reviews to provide technical assistance and to assure the accuracy of work participation data reported to the ACF.

At the county level, the SAWS consortia have a structure that is used when new regulations or policies are developed by the State. A Change Review Board, where priorities are set based on impact and implementation date for the software program changes, is used. The Change Review Board decides whether the regulatory change can be fully automated, partially automated or not automated. Each county is notified of the implementation process.

3. *Describe the internal controls to control for data errors, including transcription and coding errors, data omissions, computational errors, and compilation errors.*

State staff currently review the data submitted by the counties for inconsistencies and/or errors, including transcriptions and coding errors, data omissions, computational errors, and compilation errors.

In the upcoming federal fiscal year, California will deploy a new web-based data survey tool with enhanced edits to prevent inconsistent or inaccurate work participation data from being transmitted to ACF.

4. *Describe the checks used to isolate electronic systems and programming errors and the steps to ensure that all work participation report items are internally consistent.*

The State, while working to improve the Q5i data collection process, has developed business and skip rules within the new data collection software program to address electronic systems and programming errors with the data collection application.

## V. INTERNAL CONTROLS (continued)

At the county level, the SAWS consortia have several methods to isolate system or programming errors and ensure that data is consistent. First, there is a county help desk process. At the local level, when users identify an error, they submit trouble tickets and the help desk analyst determines if it is a user error or system software error. If it is a software error, it is escalated from the county to the Project Help Desk. It is researched and if the issue is determined to be the result of a system defect, there is an analysis of the magnitude. It is then determined whether the correction will be made part of a minor release or a major release.

In addition, an alert system has been built into the application. There are daily, weekly, and monthly alerts of anomalies or potential user errors. These alerts are accessed by the worker, supervisor, and manager. There is also an escalation process that is built into the consortia systems when action is not taken.

Reporting forums exist, such as the Management Reporting Subcommittee, where reports are reviewed and validated among the consortium counties. The subcommittee and related work groups meet on a regular basis. Findings and notes are posted on a website for county use.

5. *Describe any sampling and estimation techniques employed in data validation. Document the soundness of all statistical procedures utilized in the verification process. Fully describe all reasonable estimation techniques. For estimates based on sampling or other statistical techniques, include the step-by-step computations of precision, affirming that the produced estimates are within statistically acceptable levels of reliability and validity.*

In addition to the electronic and manual processes for ensuring the accuracy of the work participation data, the Department will phase in other internal control procedures that will be in place by September 30, 2007. It is anticipated that state staff will review a larger sample of statewide cases (which will include the majority of the 3000 active federal sample cases) to provide technical assistance and guidance for work participation reporting. This will be accomplished through a manual review of cases and site visits.

A secondary validation effort is currently being developed. Step-by-step computations of precision will be addressed in a later amendment to the plan.

## VI. VERIFICATION OF OTHER DATA USED IN CALCULATING THE WORK PARTICIPATION RATES

In addition to the work activities, the following data elements are used in calculating the work participation rates:

- Reporting Month
- Stratum
- Case Number
- Disposition
- Type of Family for Work Participation
- Amount of Food Stamps Assistance
- Receives Subsidized Child Care

## VI. VERIFICATION OF OTHER DATA USED IN CALCULATING THE WORK PARTICIPATION RATES (continued)

- Amount of TANF (and SSP-MOE) Assistance
- Family Affiliation Code
- Non-custodial Parent Indicator
- Date of Birth (Adult)
- Relationship to Head-of-Household
- Parent with Minor Child
- Work-Eligible Individual Indicator
- Date of Birth (Child)

1. *For each of the data elements, describe the State's data validation procedures to ensure "complete and accurate" data reporting.*

For each of the data elements listed above, electronic and manual reviews of case files are completed by state and county staff.

2. *Describe any procedures employed to eliminate data inconsistencies between two or more data elements.*

State staff currently review the data for inconsistencies and/or errors prior to final submission to ACF. If necessary, the case is discussed with and/or returned to the county to ensure that the data reported is accurate based on the information obtained from the case file and/or collateral contacts with the recipient, employer, service provider, etc.

### Work Participation Status

1. *Describe the State's procedures to ensure that a family is not disregarded from the work participation rate for more than 12 months per lifetime based on being a single custodial parent with a child less than one year of age.*

Counties have been provided instructions, including definitions, on reviewing cases for federal data reporting purposes. Included in these instructions is information on the limitations for single custodial parents with a child less than one year of age. In addition, training is provided to counties to ensure consistency and accuracy.

The SAWS consortia are programmed to adhere to state regulations, and automatically exempt a single custodial parent with a child less than one for a maximum of 12 months. They provide an area to record exemption only once per lifetime based on a unique identifier of the individual.

2. *Describe the State's procedures to ensure that a family is not disregarded from the work participation rate for more than three months in any period of 12 consecutive months based on a work-eligible individual's refusal to participate in work.*

## **VI. VERIFICATION OF OTHER DATA USED IN CALCULATING THE WORK PARTICIPATION RATES (continued)**

Counties have been provided instructions on reviewing cases for federal data reporting purposes. Based on information received from ACF on the federal reporting of sanctioned cases, the limit of three months in 12 consecutive months did not previously apply to sanctioned cases in California because the adult was not aided and was removed from the assistance unit. However, beginning with the October 2006 sample, these cases will be reported to ACF with modified business rules, edits, and instructions that will be provided to the data reporting staff. In addition, training will also be provided to further support this change.

3. *Describe the State's procedures for ensuring a family deemed engaged in work based on 20 hours of participation in countable work activities meets the requirements of a single custodial parent or caretaker relative with a child under age six.*

The State currently has processes in place to ensure that single custodial parents with a child under age six are meeting the federal requirements. As with other populations, the State has established business rules, edits, and written instructions that assist in the provision of accurate data. The October 2006 sample will incorporate these processes to accurately collect data based on the new federal rules. In addition, it is anticipated that the county reviews that will begin prior to October 1, 2007, will assist in accurately reporting data regarding this population.



## ATTACHMENT 2

### COMPARISON OF STATE AND FEDERAL WORK ACTIVITIES

45 Code of Federal Regulations Section 261.2 provides the list of federal activities that are countable toward the federal work participation rate. Section 42-716 of the CDSS Manual of Policy and Procedures provides the list of allowable state activities. The chart below is a side-by-side comparison of those two lists. The intent is to display which state activities count toward the federal work participation rate and the federal activity category in which to count them, and which state activities do not count toward the rate. Where a state activity has no direct federal equivalent, the state activity is listed across from one federal activity where it could potentially be counted in the federal work participation rate. The chart below does not contain all circumstances and requirements involved in counting state activities toward the federal work participation rate. A careful consideration of all applicable rules and regulations is still required. Both federally-countable and non-countable state activities are allowed under CalWORKs.

FEDERAL Work Activities 45 CFR 261.2	STATE Welfare to Work Activities COUNTABLE toward federal WPR MPP 42-716	STATE Welfare to Work Activities NOT COUNTABLE toward federal WPR MPP 42-716
Unsubsidized employment	<ul style="list-style-type: none"> <li>➤ Unsubsidized employment</li> <li>➤ Self-employment</li> </ul>	
Subsidized employment - private sector	<ul style="list-style-type: none"> <li>➤ Subsidized private sector employment</li> </ul>	
Subsidized employment -public sector	<ul style="list-style-type: none"> <li>➤ Subsidized public sector employment</li> <li>➤ Work study</li> </ul>	
Work experience	<ul style="list-style-type: none"> <li>➤ Work experience</li> </ul>	
On-the-job training	<ul style="list-style-type: none"> <li>➤ On-the-job training (OJT)</li> <li>➤ Grant-Based OJT</li> <li>➤ Supported work or transitional employment</li> </ul>	
Job search and job search readiness assistance (not to exceed 6 weeks, 4 consecutive, per federal fiscal year)	<ul style="list-style-type: none"> <li>➤ Job search and job readiness assistance</li> <li>➤ Mental health, substance abuse, and domestic abuse services</li> </ul>	<ul style="list-style-type: none"> <li>➤ Job search and job readiness assistance (JS/JR) exceeding the federal time limit</li> <li>➤ Mental health, substance abuse, and domestic abuse services exceeding the federal time limit for JS/JR</li> </ul>
Community service	<ul style="list-style-type: none"> <li>➤ Community service</li> </ul>	
Vocational education training (12-month lifetime limit) <sup>1</sup>	<ul style="list-style-type: none"> <li>➤ Vocational education and training (12-month limit as a state core activity) in occupations that do not require a baccalaureate or advanced degree.</li> <li>➤ Non-credited study time that is monitored and documented (county option)</li> <li>➤ Adult basic education<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>➤ Vocational education and training that has exceeded the 12-month time limit</li> <li>➤ Vocational education and training in occupations that require a baccalaureate or advanced degree.</li> </ul>
Job skills training directly related to employment <sup>3</sup>	<ul style="list-style-type: none"> <li>➤ Job skills training directly related to employment</li> <li>➤ Vocational education and training that has exceeded the 12-month time limit<sup>1</sup></li> <li>➤ Literacy and language instruction, and other remedial education to prepare for employment.</li> </ul>	

FEDERAL Work Activities 45 CFR 261.2	STATE Welfare to Work Activities COUNTABLE toward federal WPR MPP 42-716	STATE Welfare to Work Activities NOT COUNTABLE toward federal WPR MPP 42-716
Education directly related to employment (participants cannot have a high school diploma or equivalent) <sup>3</sup>	Participation in the below activities when the participant does not have a high school diploma or equivalent: <ul style="list-style-type: none"> <li>➤ Education directly related to employment</li> <li>➤ Vocational education and training that has exceeded the 12-month time limit<sup>1</sup></li> <li>➤ Adult basic education instruction in reading, writing, and arithmetic, and English as-a-second language</li> <li>➤ Non-credited study time that is monitored and documented (county option)</li> </ul>	➤ Education directly related to employment when participants have a high school diploma or equivalent
Satisfactory attendance at secondary school (participants cannot have a high school diploma or equivalent) <sup>3</sup>	<ul style="list-style-type: none"> <li>➤ Satisfactory progress in secondary school or equivalent</li> <li>➤ Adult basic education only if linked to attending secondary school or leading to a GED</li> <li>➤ Non-credited study time that is monitored and documented (county option)</li> </ul>	
The provision of child care services to an individual who is participating in a community service program	➤ Could potentially count as unsubsidized employment, community service, or work experience	
	➤ Other activities necessary to assist an individual in obtaining unsubsidized employment that meet the commonsense definition of a federal work activity (e.g., criminal record expungement, which removes a barrier to employment, may count as a job readiness activity)	➤ Other activities necessary to assist an individual in obtaining unsubsidized employment that do not meet the common sense definition of a federal work activity (e.g., parenting classes which benefit the family overall)
		➤ Non-credited study time that is not monitored and documented
		➤ Participation required of the parent by the school to ensure the child's attendance
		➤ Adult basic education instruction in reading, writing, arithmetic, and English-as-a-second language that does not meet the federal definition of vocational education and training, job skills training- and education- directly related to employment, or attendance at secondary school or its equivalent.

<sup>1</sup> Vocational education training beyond the 12-month limit may only be counted as education- or job skills training- directly related to employment, for federal purposes, if it meets the definition of those activities.

<sup>2</sup> Basic and remedial education and ESL may be embedded as part of vocational educational training activity, on a case-by-case basis, if it is limited in duration and is a necessary or regular part of the vocational educational training.

<sup>3</sup> Non-core federal activity.